

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Machado Analyst: Deborah Barrett Bill Number: SB 919

Related Bills: None Telephone: 845-4301 Amended Date: May 24, 2007

Attorney: Douglas Powers Sponsor: _____

SUBJECT: State Agencies Furnish Address or Other Identification Or Location Information To Controller To Be Used To Locate Owner Of Unclaimed Property

SUMMARY

This bill would require a state agency to provide address data to the State Controller's Office (SCO) to assist in locating owners of unclaimed property.

This bill also contains provisions specific to the Unclaimed Property Law that do not impact this department and are not discussed in this analysis.

SUMMARY OF AMENDMENTS

The May 24, 2007, amendments deleted provisions related to property tax refunds and added provisions relating to the Unclaimed Property Law administered by SCO.

This is the department's first analysis of this bill.

PURPOSE OF THE BILL

According to the author's staff, the purpose of this bill is to resolve administrative hurdles in the current Unclaimed Property Law.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2008, and operative on or after that date.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Selvi Stanislaus

6/13/07

ANALYSIS

FEDERAL/STATE LAW

Current federal law provides that returns and tax information are confidential and may not be disclosed to federal or state agencies or employees, except for authorized purposes. Agencies allowed access to federal return information include certain federal and state agencies, such as the Franchise Tax Board (FTB). A federal return is defined as any tax return, information return, declaration of estimated tax, or claim for refund under the Internal Revenue Code. Any FTB employee or member responsible for the improper disclosure of federal tax information is subject to criminal prosecution. Unauthorized disclosure of federal tax return information is punishable as a felony.

Current state law prohibits the disclosure of any taxpayer information, except as specifically authorized by statute. California law permits FTB to release individual tax return information to specific state agencies. Agencies must have a specific reason for requesting the information, including investigating items of income disclosed on any return or report, verifying eligibility for public assistance, locating absent parents to collect child support, or locating abducted children. For some agencies, only limited information may be released, such as the taxpayer's social security number and address. Any FTB employee or member responsible for the unauthorized disclosure of state or federal tax information is subject to criminal prosecution. Improper disclosure of state tax information is a misdemeanor.

California law also permits FTB to release confidential tax information according to tax return sharing agreements with the Internal Revenue Service (IRS), the Multistate Tax Commission (MTC), and the taxing authorities of other states and Mexico. The exchange must relate to the enforcement of tax laws and the information must not be made public.

Annually, FTB matches tax records with a file containing a list of owners of unclaimed property identified by SCO and provides SCO with the most current addresses of those unclaimed property owners. SCO uses this matched file to notify the owners of the property being held by SCO. This match process is subject to federal limitations on data sharing, and any Internal Revenue Service source address information is deleted from the file before it is sent to SCO in compliance with federal law.

THIS BILL

This bill would require a state or local government agency to furnish from its records to SCO the address or other identification or location information that could reasonably be used to locate an owner of unclaimed property. If the address or other identification or location information requested by the SCO is deemed confidential under any law or regulation, it is nevertheless required to be furnished to SCO. However, SCO cannot use or disclose that information, except as necessary in attempting to locate the owner of unclaimed property. This bill specifies that disclosure of information in violation of federal law is not required under the bill's provisions. The bill would require the SCO to pay any fee or charge for the requested information that is customarily charged.

IMPLEMENTATION CONSIDERATIONS

Implementing the bill's provisions would have no impact on the department's programs or operations because it is duplicative of existing law that provides for furnishing address data to SCO.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

This bill would not impact state income tax revenues.

LEGISLATIVE STAFF CONTACT

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